

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

In The Matter Of: :  
: :  
ELECTRONIC APPLICATION OF COLUMBIA GAS OF : **Case No 2024-00092**  
KENTUCKY, INC. FOR AN ADJUSTMENT OF RATES; :  
APPROVAL OF DEPRECIATION STUDY; APPROVAL OF :  
TARIFF REVISIONS; AND OTHER RELIEF :  
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**DIRECT TESTIMONY OF KEVIN M. MURRAY  
ON BEHALF OF KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

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**INTRODUCTION**

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**Q. Please state your name and business address.**

A. My name is Kevin M. Murray. My business address is 5856 Newbridge Drive,  
Dublin, Ohio 43017-2622.

**Q. By whom are you employed and in what position?**

A. I am self-employed as the owner of K M Energy Consulting LLC. I also work part  
time at Jacquemin Farms.

**Q. Please describe your educational background.**

A. I graduated from the University of Cincinnati in 1982 with a Bachelor of Science  
degree in Metallurgical Engineering.

1 **Q. Please describe your professional experience.**

2 A. I was employed from 1997 to 2023 by McNees, Wallace & Nurick LLC (“McNees”)  
3 as a Technical Specialist where I focused on helping larger commercial and  
4 industrial customers address issues that affect the price and availability of utility  
5 services. Between 2010 and 2022 I also served as the Executive Director of the  
6 Industrial Energy Users-Ohio, a frequent participant in proceedings before the  
7 Public Utilities Commission of Ohio (“Commission” or “PUCO”). I have also been  
8 actively involved, on behalf of commercial and industrial customers, in the  
9 formation of regional transmission operators (“RTOs”) and the organization of  
10 regional electricity markets from both the supply-side and demand-side  
11 perspective. I previously served as an end-use customer sector representative on  
12 the Midcontinent Independent Transmission System Operator, Inc. (“MISO”)  
13 Advisory Committee, including one year as chairman and several years as vice-  
14 chair. I have been actively involved in MISO working groups that focus on various  
15 electricity market issues since 1999. Prior to joining McNees, I was employed by  
16 the law firm of Kegler, Brown, Hill & Ritter (“KBH&R”) in a similar capacity  
17 between 1994 and 1997. Prior to joining KBH&R, I spent 12 years with The Timken  
18 Company, a specialty steel and roller bearing manufacturer. While at The Timken  
19 Company, I worked within a group that focused on meeting the electricity and  
20 natural gas requirements for facilities in the United States. I also spent several  
21 years in supervisory positions within The Timken Company’s steelmaking  
22 operations (now Metallus).

1 **Q. Have you previously testified before the Commission?**

2 **A.** No. However, I have testified numerous times before the Public Utilities  
3 Commission of Ohio (“PUCO”). The cases before the PUCO in which I have  
4 testified are listed in Exhibit KMM-1.

5  
6 **Q. What is the purpose of your testimony?**

7 **A.** My testimony addresses the rate design proposal of Columbia Gas of Kentucky’s  
8 (“Columbia” or “Company”) for Rate Schedule DS.

9

10 **I. Rate Schedule DS Rate Design**

11 **Q. What changes does Columbia propose for Rate DS?**

12 **A.** Rate DS consists of a Customer Charge and a per Mcf Delivery Charge which is  
13 broken into three volumetric declining rate blocks or tiers. Columbia proposes to  
14 increase the customer charge from \$3,982.30 to \$5,000 and to increase each of  
15 the three volumetric blocks by the same percentage. The Table below summarizes  
16 Columbia’s proposed changes to the DS rate:

**Summary of Columbia Gas of Kentucky's Proposed DS Rate**

<b>Customer Charge per billing period</b>	<b>Current</b>	<b>Proposed</b>	<b>% Increase</b>
	<b>\$3,982.30</b>	<b>\$5,000</b>	<b>25.56%</b>
<b>Delivery Charge per Mcf</b>	<b>Current</b>	<b>Proposed</b>	<b>% Increase</b>
<b>First 30,000 Mcf</b>	<b>\$0.7093</b>	<b>\$0.8403</b>	<b>18.47%</b>
<b>Next 70,000 Mcf</b>	<b>\$0.4378</b>	<b>\$0.5187</b>	<b>18.48%</b>
<b>Over 100,000 Mcf</b>	<b>\$0.2423</b>	<b>\$0.2871</b>	<b>18.49%</b>

17

1 **Q. Do you support Columbia’s proposed increase to the Customer**  
2 **Charge?**

3 **A.** Yes, as explained by Columbia witness Ronald J. Amen,<sup>1</sup> recovering fixed costs  
4 through a volumetrically weighted rate design can result in improper price signals.  
5 Therefore, Columbia’s proposal to increase the level of its customer charges moves  
6 in the right direction to align the price signals to customers with the underlying  
7 costs of providing gas delivery service.

8

9 **Q. Do you support Columbia’s proposal to increase each of the three**  
10 **volumetric Delivery Charge blocks by the same percentage?**

11 **A.** No, Columbia’s proposal to increase each of the three volumetric Delivery Charge  
12 blocks by an equal percentage does not align with the cost-of-service study which  
13 indicates that there are no commodity/volumetric costs associated with  
14 Columbia’s service to DS/IS customers. The cost-of-service study shows that all  
15 DS/IS costs are either Customer or Demand related.<sup>2</sup> Therefore, the Company  
16 should minimize charges in the third block (“the tail block”).

17 Under Columbia’s current tariff structure, there are no explicit demand  
18 charges like are typical in electric tariffs. Consequently, the DS Rate is designed to  
19 recover Columbia’s significant demand-related costs through a declining  
20 volumetric block mechanism. Declining block volumetric charges are generally  
21 intended to recover fixed capacity costs in the first, and perhaps second, blocks and

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<sup>1</sup> Direct Testimony of Ronald J. Amen, page 44.

<sup>2</sup> See Attachment RJA-2, page 33.

1 commodity costs in the tail block. When there are no commodity costs associated  
2 with service, as in this case, it is important to minimize tail block charges to the  
3 greatest extent practicable. Therefore, the Company's proposal to increase the tail  
4 block by the same percentage as the first and second blocks would recover more  
5 demand-related costs through the commodity portion of the declining block  
6 mechanism than is justified by cost of service.  
7

8 **Q. What is your recommendation regarding DS rate design?**

9 **A.** Since the higher cost of the first two blocks is intended to recover demand costs,  
10 not commodity costs, it would be reasonable for more of the rate increase to be  
11 recovered from the first two blocks than what is proposed by Columbia. I  
12 recommend that the Commission approve Columbia's proposed \$5,000 Customer  
13 Charge and increase the first and second blocks of the DS Rate in order to recover  
14 the remaining revenue requirement for the DS Rate. The tail block, which is  
15 intended to recover commodity costs, should be maintained at its current level.  
16

17 **Q. Does this conclude your testimony?**

18 **A.** Yes.

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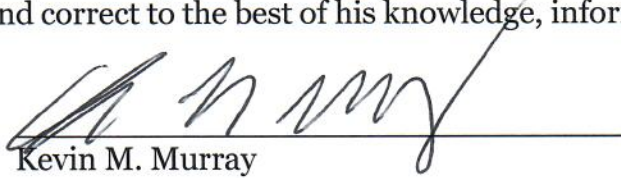
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**AFFIDAVIT OF KEVIN M. MURRAY**

STATE OF OHIO )  
COUNTY OF Franklin ) SS

KEVIN M. MURRAY, being duly sworn, deposes and states: that the *Direct Testimony of Kevin M. Murray on behalf of Kentucky Industrial Utility Customers, Inc.* is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.

  
Kevin M. Murray

Sworn to and subscribed before me on this  
14 day of August, 2024.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: May 3, 2028



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**EXHIBIT**

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# KEVIN MURRAY

ENERGY INDUSTRY  
PROFESSIONAL

## AREAS OF EXPERTISE

- Agency and Legislative Lobbying
- Expert Witness Testimony
- Utility Contract Negotiations
- Electricity Market Design and Operation
- Competitor Analysis
- Analysis of Customer Usage
- Evaluating Regulatory Proceedings
- Strategy Development

## LEADERSHIP

Executive Director  
Industrial Energy Users of Ohio  
(2010 - 2022)

Advisory Committee,  
Midcontinent Independent System Operator Inc.

Board Member  
Ohio Public Benefits Advisory Board  
(2017 - 2022)

## CONTACT

5856 Newbridge Drive  
Dublin, OH 43017  
(614) 226-1059  
murraykm064@gmail.com

## PERSONAL BACKGROUND

I am a seasoned energy industry professional and lobbyist with over thirty-two years of energy market experience in commercial and industrial analysis, advocacy, and leadership.

I served for over ten years as the Executive Director of the Industrial Energy Users-Ohio, a trade association of larger commercial and industrial energy consumers. I am a recognized expert in electricity market design and operation. I have been a participant in Midcontinent ISO activities since its formation, including a term as chair of its Advisory Committee.

I was a registered executive agency and legislative lobbyist, and I am familiar with the legislative process. I have testified as an expert witness in many proceedings before the Public Utilities Commission of Ohio.

## PROFESSIONAL HISTORY

### Owner

*K M Energy Consulting LLC | 2023 to present*

- Expert Witness Testimony
- Energy Market Consulting

### Technical Specialist

*McNees Wallace & Nurick LLC | 1997 - 2023*

*Kegler Brown Hill & Ritter | 1994 - 1997*

- Assists attorneys by providing technical analysis
- Monitors and evaluates regulatory proceedings at the Federal Energy Regulatory Commission and various state agencies
- Provides analysis of proposed tariff or rate offerings
- Assists in the development of regulatory and commercial strategies
- Provides clients' assistance in utility contract negotiations, utility and site selections for new facilities, competitor analysis and analysis of customer usage patterns
- Engages in legislative activities before the Ohio General Assembly on energy related matters
- Active in the creation of regional transmission organizations

### Management

*The Timken Company | 1982 - 1994*

- Managed a 20,000 DTH per day natural gas portfolio for the company's Midwest facilities
- Participated in natural gas, pipeline and electric utility contract negotiations
- Served as the company's member representative at the Electricity Consumers Resource Council (ELCON) and Process Gas Consumers (PGC)
- Helped develop regulatory advocacy positions and worked with outside counsel to represent the company in regulatory proceedings
- Performed computer modeling and cost analysis to provide product pricing support
- Held several additional supervisory positions in steelmaking operations where duties included performing computer modeling and cost analysis to provide product pricing support for marketing, and also managing raw materials, logistics and management information systems in steelmaking operations.

## EDUCATION

### B.S., Metallurgical Engineering

*University of Cincinnati | 1982*



Exhibit KMM-1

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. §4928.143 in the Form of an Electric Security Plan, Case No. 23-301-EL-SSO.*

*In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Revised Code, In the Form of an Electric Security Plan, Case No. 23-23-EL-SSO.*

*In the Matter of Enron Energy Services Inc., et al, v, FirstEnergy Corp., Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company, Case No. 01-393-EL-CSS.*

*In the Matter of the Application of Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Revised Code, in the Form of an Electric Security Plan, et al., Case Nos. 13-2385-EL-SSO, et al.*

*In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Market Rate Offer, et al., PUCO Case Nos. 12-426-EL-SSO, et al.*

*In the Matter of the Commission Review of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company, PUCO Case No. 10-2929-EL-UNC.*

*In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan, PUCO Case Nos. 11-346-EL-SSO and 11-348-EL-SSO, et al.*

*In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; an Amendment to its Corporate Separation Plan, and the Sale or Transfer of Certain Generating Assets, Case No. 08-917-EL-SSO and In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan, PUCO Case No. 08-918-EL-SSO (remand phase).*

*In the Matter of the Application of Columbus Southern Power Company for Approval of its Program Portfolio Plan and Request for Expedited Consideration, PUCO Case No. 09-1089-EL-POR.*

*In the Matter of the Application of Ohio Power Company for Approval of its Program Portfolio Plan and Request for Expedited Consideration, PUCO Case No. 09-1090-EL-POR.*

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Approval of a Market Rate Offer to Conduct a Competitive Bidding Process for Standard Service Offer Electric Generation Supply, Accounting Modifications Associated with Reconciliation Mechanism, and Tariffs for Generation Service, PUCO Case No. 09-906-EL-SSO.*

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Establish a Standard Service Offer Pursuant to R.C. 4928.143 in the Form of an Electric Security Plan, PUCO Case No. 08-935-EL-SSO.*

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Approval of a Market Rate Offer to Conduct a Competitive Bidding Process for Standard Service Offer Electric Generation Supply, Accounting Modifications Associated with Reconciliation Mechanism, and Tariffs for Generation Service, PUCO Case No. 08-936-EL-SSO.*

*In the Matter of the Application of Columbus Southern Power Company for Approval of its Electric Security Plan; an Amendment to its Corporate Separation Plan; and the Sale or Transfer of Certain Generating Assets, PUCO Case No. 08-917-EL-SSO.*

*In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan, PUCO Case No. 08-918-EL-SSO.*

*In the Matter of the Application of Duke Energy Ohio for Approval of an Electric Security Plan, PUCO Case No. 08-920-EL-SSO.*

*In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan, PUCO Case No. 08-1094-EL-SSO.*

Exhibit KMM-1

*In the Matter of the Application of The East Ohio Gas Company d/b/a Enbridge Gas Ohio for an Increase in Natural Gas Rates, Case No. 23-894-GA-AIR*

*In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company and The Toledo Edison Company for Authority to Provide for a Standard Service Offer Pursuant to R.C. §4928.143 in the Form of an Electric Security Plan, Case No. 23-301-EL-SSO.*

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*In the Matter of the Application of Ohio Power Company for Approval of its Electric Security Plan; and an Amendment to its Corporate Separation Plan, PUCO Case No. 08-918-EL-SSO.*

*In the Matter of the Application of Duke Energy Ohio for Approval of an Electric Security Plan, PUCO Case No. 08-920-EL-SSO.*

*In the Matter of the Application of The Dayton Power and Light Company for Approval of Its Electric Security Plan, PUCO Case No. 08-1094-EL-SSO.*